

## Message Text

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ACTION ARA-15

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INR-10 LAB-04 NSAE-00 SIL-01 L-03 AGRE-00 PC-01  
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P 112215Z SEP 78  
FM AMEMBASSY SAN SALVADOR  
TO SECSTATE WASHDC PRIORITY 9571  
INFO AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 1 OF 2 SAN SALVADOR 4785

E.O. 11652: GDS  
TAGS: ELAB, SHUM, EAID, PGOV, ES  
SUBJ: SEPTEMBER 7 DISCUSSION BETWEEN GOES AND EMBASSY CON-  
CERNING POSSIBLE RETURN OF AIFLD TO EL SALVADOR

REFS (A) SAN SALVADOR 4574, (B) SAN SALVADOR 4440

SUMMARY: IN TALKS WITH THE MINISTERS OF INTERIOR,  
LABOR AND AGRICULTURE ON SEPT 7 AT THE MINISTRY OF  
LABOR, DCM AND LABOR OFFICER LEARNED THAT GOES  
ENVISAGED EARLY ROUND OF TALKS ON POSSIBLE RETURN  
OF AIFLD TO EL SALVADOR, CONDITIONS FOR RETURN,  
AND DEFINING ROLES OF GOES, USG, EMBASSY, AIFLD  
AND OTHER ENTITIES IN GRANTING ASSISTANCE TO UCS.  
TYPE OF AGREEMENT UNDER WHICH AIFLD WOULD OPERATE  
SHOULD ALSO BE DECIDED. POINT IN NEGOTIATIONS AT  
WHICH AIFLD AND UCS WOULD ENTER WOULD ALSO BE  
DECIDED IN THE GOVERNMENT TO GOVERNMENT PHASE OF  
THE TALKS. MINISTERS STATED THEY ENVISAGED THE  
EVENTUAL PARTICIPATION OF REPRESENTATIVES OF AIFLD  
AND THE UCS. WITH RESPECT TO QUESTION OF  
OULAHAN'S PRESENCE IN EL SALVADOR AS REPRESENTATIVE  
OF AIFLD, MINISTER OF INTERIOR EMPHASIZED THEY  
WANTED A "CLEAN SLATE" FOR THE TALKS. OULAHAN  
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MUST GO AND NO OTHER AIFLD REPRESENTATIVE OR EMPLOYEE SHOULD  
COME IN UNTIL DECISIONS MADE ON AIFLD'S FUTURE. END SUMMARY.

1. ON SEPT 7, AT THE MINISTRY OF LABOR, DCM AND  
LABOR OFFICER MET WITH GEN. ARMANDO LEONIDAS ROJAS  
(MINISTER OF INTERIOR), COL. ROBERTO ESCOBAR  
GARCIA (MINISTER OF LABOR) AND RUTILIO AGUILERA

(MINISTER OF AGRICULTURE). THE MEETING HAD BEEN REQUESTED BY ROJAS IN ORDER TO TALK ABOUT "BASES FOR INITIATION OF DISCUSSIONS ON FUTURE OF AIFLD AND TO DEAL WITH POSSIBLE RETURN OF THAT INSTITUTE TO EL SALVADOR." (SEE REF A) COL ESCOBAR STATED MEETING BY REVIEWING EFFORTS OF AIFLD SINCE START OF ROMERO ADMINISTRATION IN JULY 1977, TO RE-ESTABLISH ITSELF IN EL SALVADOR AND THE INTERNAL DIVISIONS THAT HAD OCCURRED IN THE UNION COMUNAL SALVADORENA (UCS) DURING THAT TIME.

2. ESCOBAR REFERRED TO WHAT HE CALLED THE "TEMPORARY" SETBACKS THAT HAD OCCURRED IN THE UCS COOPERATIVES GUAJOYO, LA BARCA AND SAN JACINTO DUE TO WHAT HE CALLED THE "NERVOUS RUSH OF THESE COOPERATIVES TO OBTAIN CREDITS TO ACQUIRE NEW LANDS" WHEN INTERNAL SITUATION IN UCS HAD STILL REMAINED UNSETTLED DUE TO PAST PROBLEMS. HE ASCRIBED THE LETTER SENT BY UCS'S NATIONAL EXECUTIVE COUNCIL (CEN) TO AFL-CIO IN JUNE 1978, TO THIS "NERVOUS RUSH." ESCOBAR SAID THAT LETTER HAD THEN RESULTED IN CABLE SENT FROM AFL-CIO PRESIDENT GEORGE MEANY TO PRESIDENT ROMERO (SAN SALVADOR 3569) WHICH HAD CAUSED REACTIONS IN GOES OFFICIALS RANGING FROM "SURPRISE" AND "INDIGNATION" TO "COMPLETE PUZZLEMENT". HE COMMENTED THAT DUE TO ALL THE

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FACTORS THAT HAD BEEN PRESENT SINCE START OF ROMERO ADMINISTRATION, GOES HAD NOT BEEN WILLING TO ADDRESS ITSELF TO QUESTION OF REENTRY OF AIFLD INTO EL SALVADOR. ESCOBAR THEN STATED THAT SITUATION HAD NOW CHANGED SUFFICIENTLY THAT "OFFICIALLY THE GOES IS DISPOSED TO ENTER INTO DISCUSSIONS WITH USG ON THIS QUESTION, THROUGH CONTACTS WITH U.S. EMBASSY, OF WHICH YOU ARE THE REPRESENTATIVES." HE EMPHASIZED THAT WITHIN THE SCHEME OF THESE TALKS GOES WAS DETERMINED TO AVOID WHAT HE CALLED MISTAKES OF THE PAST WHEN "AIFLD HAD SENT PEOPLE WHO HAD NOT COMPORTED WITH THE ESSENTIALLY 'DEMOCRATIC' ORIENTATION OF AIFLD."

3. DCM STATED THAT EMBASSY HAD NOT YET RECEIVED INSTRUCTIONS TO ENGAGE SUBSTANTIVELY IN NEGOTIATION ON AIFLD. HE WAS AUTHORIZED TO LISTEN TO GOES PROPOSALS. SOME OBSERVATIONS WERE IN ORDER, HOWEVER. HE ASKED AT WHAT POINT THE GOES WOULD EXPECT REPRESENTATIVES OF AIFLD TO PARTICIPATE IN TALKS CONTEMPLATED BY GOES. ESCOBAR STATED THAT "WE HAVE ARRIVED AT

CONCLUSION THAT IT WOULD NOT BE VERY  
PROFITIOUS TO HAVE AN AIFLD REPRESENTATIVE  
INVOLVED DURING THE FIRST ROUND OF DISCUSSIONS...  
HOWEVER, WE HAVE NOT DISCARDED POSSIBILITY THAT  
AN AIFLD REPRESENTATIVE MIGHT EVENTUALLY  
PARTICIPATE." WHEN THIS OCCURRED, ESCOBAR  
STATED THAT IT WAS HIS PERSONAL OPINION THAT SUCH  
A REPRESENTATIVE WOULD HAVE TO COME FROM "HIGHEST  
LEVEL" OF AIFLD. HE ADDED THAT DUE TO WHAT HE  
CALLED THE NEW SITUATION IT MIGHT BE GOOD FOR  
AIFLD TO ADDDYESS TO GOES ANOTHER WRITTEN REQUEST  
TO REENTER EL SALVADOR. (THE LAST ONE APPARENTLY  
DATES BACK TO OCT 1977 WHEN AIFLD REPRESENTATIVE  
JULIO ECHEVERRY VISITED EL SALVADOR). DCM  
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EMPHASIZED AUTHONOMOUS NATURE OF AIFLD WITH  
RESPECT TO USG, STATING THAT USG COULD NOT

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C O N F I D E N T I A L SECTION 2 OF 2 SAN SALVADOR 4785

NEGOTIATE ON ITS BEHALF WITHOUT ITS KNOWLEDGE AND  
CONSENT. HE EMPHASIZED THAT GOES MUST EXPECT  
AIFLD TO BE INFORMED OF DETAILS OF ANY DISCUSSIONS  
THAT TOOK PLACE ABOUT ITS FUTURE OPERATION IN  
EL SALVADOR AND AT SOME POINT SHOULD BE BROUGHT  
IN. ESCOBAR STATED THAT HE AGREED THAT PARTICIPA-  
TION OF AIFLD IN TALKS "AT SOME POINT" MIGHT

INDEED BE USEFUL, BUT FIRST AGREEMENT ON PRINCIPLES WOULD HAVE TO BE REACHED GOVERNMENT-TO-GOVERNMENT.

4. DCM RAISED THEN THE POSSIBILITY OF A SPECIALIST IN AIFLD AFFAIRS FROM THE STATE DEPARTMENT (OR AID) JOINING THE EMBASSY AS AN ADVISER IN THE FIRST ROUND OF TALKS. THE MINISTERS SAW NO OBJECTION.

5. DCM CONTINUED THAT IT WAS EMBASSY AND USG VIEW THAT UCS COULD CONTRIBUTE TO DEMOCRATIC SOCIO-ECONOMIC DEVELOPMENT OF EL SALVADOR, ESPECIALLY IN THE CRITICAL RURAL SECTOR. THUS THE USG HAD WYSISTEY OVER TNE YEARS THROUGH A NUMBER OF DIFFERENT AGENCIES AND CHANNELS. HE ASSUMED GOES WOULXUWANT THE UCS TO BE ABLE TO CONFIDENTIAL

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RECEIVE AID FROM VARIOUS SOURCES WITHOUT BECOMING OVER-BEholdEN TO ANY ONE ENTITY, OR LOSING ITS INDEPENDENCE AND AUTONOMY. HE EMPHASIZED AIFLD'S CAPABILITY TO MAKE A SIGNIFICANT CONTRIBUTION TO STRENGTHENING THIS IMPORTANT DECOCRATIC INSTITUTION.

6. ROJAS COMMENTED THAT UCS' CEN WAS AGAIN "POLITICALLY DIVIDED" DUE TO CONTROVERSY OVER AIFLD'S RETURN. (HE WAS CLEARLY REFERRING TO RESOLUTION RECENTLY PASSED BY CEN STATING THAT UCS WOULD REFUSE TO HAVE ANYTHING TO DO WITH GOES COMMISSION ON UCS IF AIFLD EMPLOYEE RICHARD OULAHAN HAD TO LEAVE EL SALVADOR - SAN SALVADOR 4639. IN A CONVERSATION WITH LABOR OFFICER ON SEPT 6, OULAHAN SAID THAT VIERA AND FOUR OTHER MEMBERS OF NINE-MEMBER CEN WERE INDEED READY TO CUDUCS TIES TO GOES.) ROJAS STATED THAT IT WAS "UNDOUBTEDLY TRUE" THAT BOTH GOES AND USG POLICIES HAVE EFFECT ON HOW UCS IS RUN INTERNALLY. HE SAID THAT THIS SITUATION HAD LED UCS TO SEEK TO PLAY OFF ONE SIDE AGAINST THE OTHER IF IT DID NOT GET ALL IT WANTED FROM ONE PARTICULAR ENTITY. ROJAS STATED THAT IN JAN 1978, UCS HAD TURNED TO GOES TO RESOLVE ITS INTERNAL POLITICAL DISPUTE AND THAT GOES HAD RESPONDED WITH HELP AND ADVISERS. HE SAID THAT NOW IT SEEMED DISPOSED TO TURN AGAINST GOES BECAUSE IT WANTED MORE AID FROM AIFLD, WHICH HE CALLED ITS ORIGINAL "PADRINO" (GODFATHER). ROJAS COMMENTED THAT WITHIN SCHEME OF TALKS GOES CONTEMPLATED HAVING WITH EMBASSY IT "MIGHT BE GOOD

TO HAVE A COMMON GOES-USG POLICY TO PREVENT  
'POLARIZATION' WITHIN CEN AND ABRUPT TURNS IN  
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IT ORIENTATION."

7. THE MINISTERS EMPHATICALLY AGREED THAT UCS  
SHOULD BE INDEPENDENT AND THAT IT SHOULD BE  
HELPED. THEY DID NOT WANT THE UCS, AS IN THE  
PAST (PRIOR TO 1974), TO BE DOMINATED BY AN  
AUTONOMOUS OUTSIDE AUTHORITY (I.E., AIFLD OR  
AFL-CIO); NOR DID IT SEE UCS AS BEING ABLE TO  
ACT IN A COMPLETELY AUTONOMOUS MANNER. MINISTER  
OF LABOR EMPHASIZED THAT UCS SHOULD NOT BECOME  
A "CAPTIVE ORGANIZATION" OF GOES OR ANY OTHER  
ENTITY. ROJAS STATED THAT DURING THE TALKS  
CONTEMPLATED BETWEEN GOES AND EMBASSY, "WE HAVE  
TO THINK IN TERMS OF AIFLD'S EVENTUAL RETURN  
BUT WE ALSO HAVE TO THINK IN TERMS OF DEFINING  
EXACTLY WHAT ROLES OF USG, EMBASSY AND AIFLD ARE  
TO BE IN ORDER TO PREVENT A REPETITION OF UCS  
BEING ABLE TO PLAY OFF ONE SIDE AGAINST THE  
OTHER."

8. ESCOBAR STATED THAT AMONG OTHER TOPICS OF  
CONTEMPLATED TALKS THE TYPE OF AGREEMENT WHICH  
WOULD GOVERN AIFLD'S PROGRAMS SHOULD BE DECIDED,  
WHETHER UNDER AUSPICES OF THE 1961 GENERAL TECHNICAL  
ASSISTANCE AGREEMENT OR SOME OTHER AGREEMENT. DCM  
REPLIED THAT AGREEMENTS UNDER WHICH AIFLD OPERATED  
IN LATIN AMERICA VARIED FROM COUNTRY TO COUNTRY.  
EVEN AN INFORMAL ARRANGEMENT WAS A POSSIBILITY.  
PREVIOUSLY THE ARRANGEMENT IN EL SALVADOR, HE  
RECALLED, APPARENTLY WAS BY AN AID PROGRAM  
AGREEMENT (PROAG) UNDER THE TECHNICAL ASSISTANCE  
AGREEMENT.

9. IN RESUME, SALVADORAN MINISTERS AGREED THAT  
FOUR ITEMS SHOULD SERVE AS THE AGENDA FOR THE  
FIRST ROUND OF TALKS -- THAT IS THE GOVERNMENT-  
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TO-GOVERNMENT STAGE EXCLUDING AIFLD OR UCS  
PARTICIPATION. THESE ITEMS ARE: (A) WHETHER  
AIFLD SHOULD REENTER EL SALVADOR AND, IF SO,  
UNDER WHAT CONDITIONS; (B) INTER-RELATIONSHIP

AMONG EMBASSY, AIFLD, GOES AND UCS WITH RESPECT TO AIFLD'S FUTURE ACTIVITIES WITH UCS; (C) WHAT SORT OF AGREEMENT WILL GOVERN FUTURE AIFLD ACTIVITIES SHOULD IT RETURN TO EL SALVADOR; AND (D) AT WHAT POINT IN NEGOTIATIONS WILL AIFLD REPRESENTATIVES PARTICIPATE.

10. IN CLOSING, DCM ASKED ABOUT STATUS OF AIFLD EMPLOYEE RICHARD OULAHAN (REF B). RJAS REPLIED EMPHATICALLY THAT HE COULD NOT STAY, THAT DECISION REMAINED THAT HIS TOURIST VISA COULD NOT BE RENEWED. OULAHAN'S CONTINUED PRESENCE, BASED AS IT WAS ON CERTAIN ANOMALIES, HE SAID, COULD ONLY LEAD TO "DISTORTING EFFECTS" WITH RESPECT TO FUTURE TALKS BETWEEN GOES AND EMBASSY. HE EMPHASIZED THAT GOES WANTED TO START TALKS ON THE BASIS OF A CLEAN SLATE, AVOIDING ALL "ELEMENTS OF PRESSURE". UPON DEPARTURE, MINISTER EMPHASIZED "BALL WAS NOW IN U.S. COURT."

11. WE RECOMMEND THAT USG ACCEPT INVITATION TO GOVERNMENT-TO-GOVERNMENT TALKS, AND THAT STATE PREPARE POSITIONS, IN COORDINATION WITH AIFLD AS NECESSARY, ON THE FOUR QUESTIONS AS PROPOSED BY GOES. EMBASSY SHOULD DESIGNATE PRINCIPAL NEGOTIATOR BUT WOULD WELCOME PARTICIPATION OF ONE OFFICER FROM DEPARTMENT OR AID, TECHNICALLY AND SUBSTANTIVELY QUALIFIED IN SUBJECT MATTER. USG AND AIFLD SHOULD GO ALONG WITH "CLEAN SLATE" APPROACH. THUS, IN INTEREST SUCCESSFUL NEGOTIATIONS  
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LEADING TO REGULARIZED RETURN OF AIFLD TO EL SALVADOR, WE RECOMMEND ALL AIFLD PROGRAMS TO THE UCS BE SUSPENDED DURING THE TALKS. OULAHAN, WE UNDERSTAND, PLANS TO DEPART TUESDAY (SEPT 12). NO ONE ELSE SHOULD COME TO REPRESENT AIFLD UNTIL AGREEMENT IS REACHED FOR AIFLD PARTICIPATION IN TALKS. DISBURSEMENT OF FUNDS, ESPECIALLY FOR INDIVIDUAL "ACTIVISTS" SHOULD BE HELD IN ABEYANCE, OR AT LEAST WE SHOULD BE PREPARED TO DISCLOSE TO SALVADORAN NEGOTIATORS ABOUT THIS AND OTHER PROGRAMS WHICH AIFLD CURRENTLY CARRIES OUT WITH THE UCS. ALTERNATIVELY, THESE SUMS NOW PAID TO INDIVIDUAL ACTIVISTS AND WHICH SEEM TO BE A SOURCE OF INTERNAL DISSENSION AND CONTROVERSY, MIGHT BE REDIRECTED TO CEN AS GOVERNING BODY OF UCS, AS MEANS OF AVOIDING ADVERSE IMPACT ON ITS ECONOMIC VIABILITY. WE FEEL STRONGLY THAT NEGOTIATIONS SHOULD BE CARRIED OUT IN COMPLETE GOOD FAITH ON OUR PART. (HOPEFULLY IT WILL BE ON THEIRS.) OTHERWISE, WE BELIEVE CHANCES OF SUCCESS AND AGREEMENT ON RETURN

OF AIFLD WILL BE GREATLY REDUCED.  
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